

Investment Analysis





Executive Summary

With the new changes to Client Focused Reforms (CFR), BMO aims to support Registered Individuals with information about the recommended securities and tools to help address the Know Your Product (KYP) and Suitability expectations and guidelines. With consideration to understanding client-investment suitability, Registered Individuals must be able to demonstrate their assessment and understanding of a reasonable range of alternative securities made available through the firm.

To make a suitability determination, Registered Individuals need to take reasonable steps to understand the securities that they purchase, sell, or recommend for a client, including the initial and ongoing costs associated with acquiring and holding each security, the security's structure, features, and risks, and the impact of the action on their clients' accounts, including liquidity, concentration, and the actual and potential impact of costs on the client's return. Registered Individuals also must obtain approval from the firm to offer the security to their client.

In addition to putting their clients' interests first, the ability to meet the KYP requirements is pertinent to making a suitability determination. The Registered Individual must provide a reasonable range of alternative actions available at the time of determination. This refers to a suitable range of comparable securities that are available through the firm that fall within a similar risk level, suitability, and category when compared to a client's risk profile. Once these requirements are met, the Registered Individual may then present this recommendation to their client.

Completion of all the above KYP requirements should be recorded in a format that can be readily provided to regulating bodies upon request to ensure that adequate steps were taken. With the following presentation and checklist, it can help evidence that KYP obligations have been completed in order to conduct a suitability determination.



KYP Checklist

- Has the security been approved by the firm to be made available to the client?
- Have reasonable steps been taken by the Registered Individual to understand the securities to enable a suitability determination?
- Has the risk rating of the recommendation and the impact of the action on the client's account been evaluated?
- Has a reasonable range of alternative products been reviewed within the comparison at the time of the suitability determination?

Commentary

The BMO Ultra Short-Term Bond ETF Fund uses the same investment mandate as the BMO Ultra Short-Term Bond ETF, which has a longer track record and similar costs to the Fund F series and has been used as a proxy for the purposes of this report. The fund and ETF have a Low risk rating.

- Managed by BMO Global Asset Management
- Includes Bonds with less than 1 year maturity
- Designed for investors looking for defensive income
- Primarily focused on Canadian investment grade bonds

Relative to the included peer group the BMO Ultra Short-Term Bond ETF has (as of October 31, 2023):

- outperformed peer group over 1-, 3-, 5-, and 10-year time periods
- has the best 3-year risk return profile
- has the highest Canadian allocation
- has the lowest draw down over a 3-year period

Fees:

- The MF F series has a target* MER of 0.17 which is approximately 75% less expensive than the peer group.

Summary:

BMO Ultra Short-Term Bond ETF Fund has delivered consistent performance, low volatility, and drawdown with the lowest MER in the peer group and a Low risk rating. It is an excellent solution for investors looking for Canadian short term income exposure.

*Target - The listed target Management Expense Ratio (MER) are estimated. As the series of funds are less than one year old, actual MER costs will not be known until the fund financial statements for the current fiscal year are released. The underlying ETF MER was 0.16 as of October 31, 2023.

Source: BMO Global Asset Management as of October 31, 2023

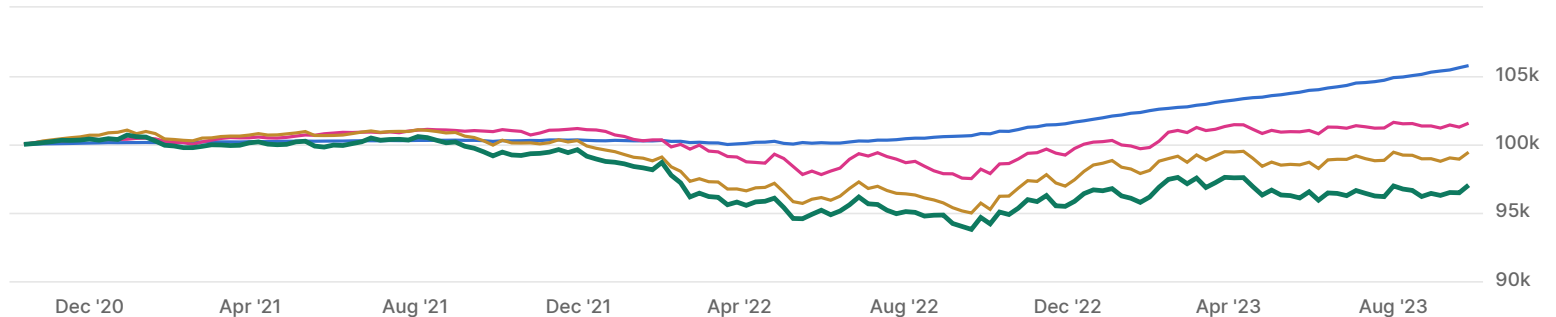


Hypothetical Return Graph

Growth of \$100,000.00

From 2020-11 to 2023-11

● BMO Ultra Short-Term Bond ETF :	\$105,760.31	● CI Enhanced Short Duration Bond Sr F :	\$101,547.31
● Dynamic Short Term Bond Series F :	\$99,422.62	● Fidelity Canadian Short Term Bond Series F :	\$97,016.13



Hypothetical returns are net of fees and are based on weekly performance for the period ending on 27/10/23 for ● ZST, ● CIG4136, ● DYN2136 and ● FID685. For periods greater than one year, the indicated rates of return are the average annual compound total returns as of the date indicated including changes in unit value and the reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any unitholder that would have reduced returns.

Overview

	● BMO Ultra Short-Term Bond ETF	● CI Enhanced Short Duration Bond Sr F	● Dynamic Short Term Bond Series F	● Fidelity Canadian Short Term Bond Series F
YTD Return	4.35%	2.95%	3.33%	2.66%
6 Month Return	2.61%	0.61%	0.45%	0.12%
1 Year Return	5.09%	4.39%	5.08%	3.84%
3 Year Return	1.95%	0.82%	0.12%	-0.65%
5 Year Return	2.08%	N/A	1.76%	1.37%
10 Year Return	1.72%	N/A	1.33%	1.34%
Beta	0.20	N/A	1.41	1.50
MER	0.16%	0.84%	0.62%	0.60%

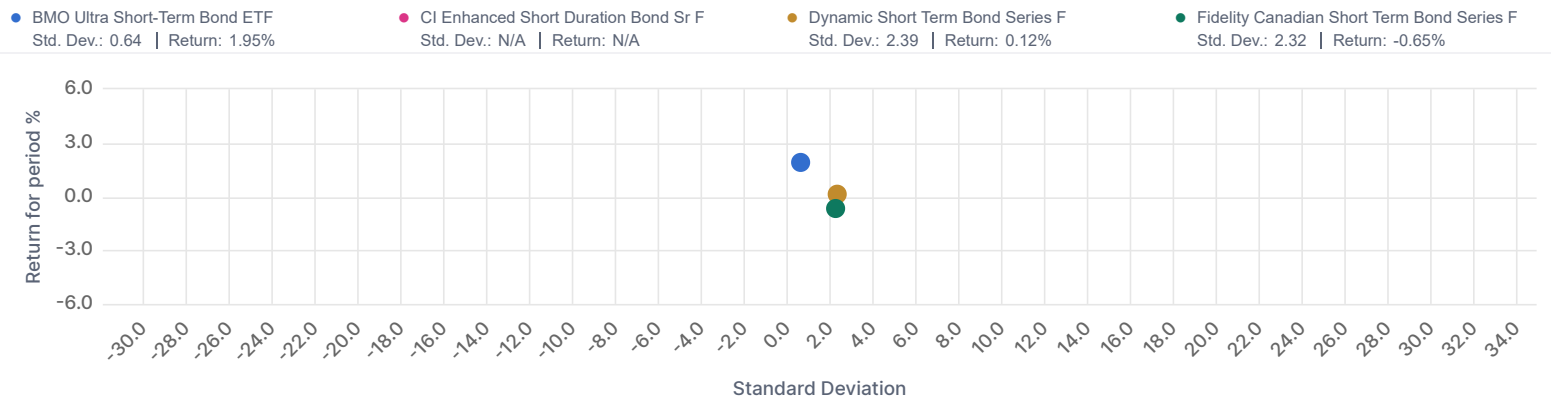
Performance is net of fees. Performance data for period ending on 03/11/23 for ● ZST, ● CIG4136, ● DYN2136 and ● FID685. Risk data for period ending on 30/09/23 for ● ZST, ● CIG4136, ● DYN2136 and ● FID685. MER provided by Funddata for the following items: ● CI Enhanced Short Du..., ● Dynamic Short Term B... and ● Fidelity Canadian Sh...

Asset Allocation

	● BMO Ultra Short-Term Bond ETF	● CI Enhanced Short Duration Bond Sr F	● Dynamic Short Term Bond Series F	● Fidelity Canadian Short Term Bond Series F
Fixed Income	45.52%	72.21%	92.26%	94.29%
Cash	55.14%	18.11%	4.40%	3.49%
Canadian Equity	0.00%	0.00%	0.54%	0.00%
United States Equity	0.00%	0.00%	0.00%	0.00%
International Equity	0.00%	0.00%	0.00%	0.00%
Other	-0.66%	9.68%	2.79%	2.22%

Allocations data as at 31/10/23 for ● ZST, as at 30/06/23 for ● CIG4136, as at 31/07/23 for ● DYN2136 and as at 30/09/23 for ● FID685. The "Other" category will also compensate for data that is currently unavailable.

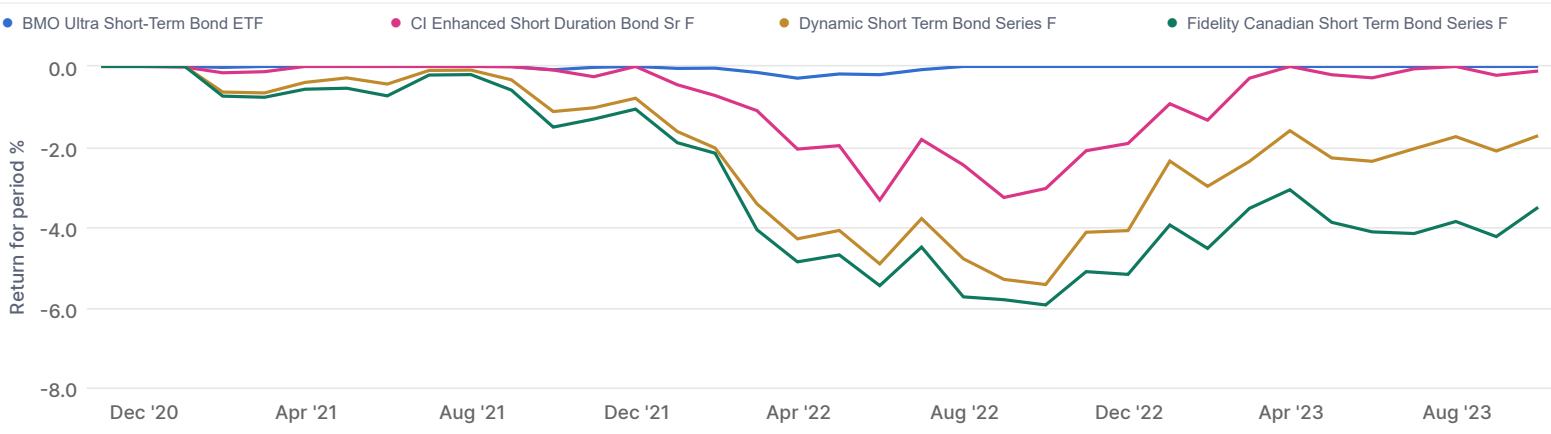
Risk / Reward Analysis (3 Years)



Risk data for period ending on 30/09/23 for **ZST**, **CIG4136**, **DYN2136** and **FID685**. Performance is net of fees. Performance data for period ending on 03/11/23 for **ZST**, **CIG4136**, **DYN2136** and **FID685**.

Drawdown Analysis

From 2020-11 to 2023-11



For periods greater than one year, the indicated rates of return are the average annual compound total returns as of the date indicated including changes in unit value and the reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any unitholder that would have reduced returns. Drawdown data is net of fees and is based on monthly performance for the period ending on 31/10/23 for **ZST**, **CIG4136**, **DYN2136** and **FID685**.





Top 5 Country Allocations

	BMO Ultra Short-Term Bond ETF	CI Enhanced Short Duration Bond Sr F	Dynamic Short Term Bond Series F	Fidelity Canadian Short Term Bond Series F
First	100.55% Canada	41.15% United States of Ameri...	72.32% Canada	93.04% Canada
Second	0.10% United States of Ameri...	39.85% Canada	21.61% United States of Ameri...	3.84% United States of Ameri...
Third	-0.66% Unidentified	18.23% Unidentified	3.27% Ireland	2.27% Unidentified
Fourth	N/A	0.39% Ireland	2.79% Unidentified	0.53% United Kingdom
Fifth	N/A	0.22% Poland	N/A	0.19% Luxembourg

Allocations data as at 31/10/23 for **ZST**, as at 30/06/23 for **CIG4136**, as at 31/07/23 for **DYN2136** and as at 30/09/23 for **FID685**.





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Fixed Income Credit Quality

	 BMO Ultra Short-Term Bond ETF	 CI Enhanced Short Duration Bond Sr F	 Dynamic Short Term Bond Series F	 Fidelity Canadian Short Term Bond Series F
AAA	5.61%	49.67%	13.08%	29.69%
AA	2.27%	0.99%	0.71%	6.95%
A	47.30%	4.82%	19.36%	33.95%
BBB	31.65%	21.70%	49.05%	23.11%
BB	N/A	6.36%	4.17%	3.05%
B	N/A	2.70%	N/A	N/A
Below B	N/A	1.20%	N/A	N/A
Not Rated	N/A	3.47%	N/A	0.28%





Credit quality as at 31/10/23 for  ZST, as at 30/06/23 for  CIG4136, as at 31/07/23 for  DYN2136 and as at 30/09/23 for  FID685.

Fixed Income Regional Allocation

	 BMO Ultra Short-Term Bond ETF	 CI Enhanced Short Duration Bond Sr F	 Dynamic Short Term Bond Series F	 Fidelity Canadian Short Term Bond Series F
North America	100.00%	94.57%	95.11%	97.65%
Europe	N/A	0.77%	3.34%	0.85%
Asia	N/A	0.14%	N/A	N/A
Latin America	N/A	N/A	N/A	N/A
Africa/Middle East	N/A	N/A	N/A	N/A
Other*	N/A	4.52%	1.55%	1.50%



Fixed Income Regional Allocation as at 31/10/23 for  ZST, as at 30/06/23 for  CIG4136, as at 31/07/23 for  DYN2136 and as at 30/09/23 for  FID685.









Fixed Income Sectors Breakdown

	 BMO Ultra Short-Term Bond ETF	 CI Enhanced Short Duration Bond Sr F	 Dynamic Short Term Bond Series F	 Fidelity Canadian Short Term Bond Series F
Canadian Corporate Bonds	38.56%	11.21%	60.11%	52.23%
Canadian Government Bonds	N/A	24.29%	12.46%	45.71%
Canadian Bonds - Other	1.83%	N/A	N/A	N/A
Intl. Corporate Bonds	N/A	13.36%	20.04%	0.35%
Intl. Government Bonds	N/A	25.12%	0.97%	N/A
Intl. Bonds - Other	N/A	N/A	0.78%	N/A
Cash	59.61%	26.02%	5.64%	1.71%





Fixed income sectors provided by Funddata and is as at 31/10/23 for  ZST, as at 30/06/23 for  CIG4136, as at 31/07/23 for  DYN2136 and as at 30/09/23 for  FID685.

Core Risk Metrics (Since Inception)

	 BMO Ultra Short-Term Bond ETF	 CI Enhanced Short Duration Bond Sr F	 Dynamic Short Term Bond Series F	 Fidelity Canadian Short Term Bond Series F
Risk Rating	Low	Low	Low	Low
Beta	0.11	0.15	0.98	1.17
Standard Deviation	0.58	2.00	1.61	1.97
Sharpe Ratio	1.03	-0.64	0.24	0.50
Maximum Drawdown	-0.71%	-3.33%	-5.43%	-5.94%
R-Squared	0.04	0.31	0.44	0.72
Correlation Coefficient	0.20	0.56	0.67	0.85
Upside / Downside	 78.0%  -45.5%	 27.1%  9.6%	 126.9%  96.7%	 126.4%  147.2%

Risk data for period ending on 30/09/23 for  ZST,  CIG4136,  DYN2136 and  FID685. The risk metrics for  ZST,  DYN2136 and  FID685 were calculated with FTSE Canada WGBI 1-3 Years TR and FTSE CAD 3 Months Eurodeposit. The risk metrics for  CIG4136 were calculated with FTSE WGBI TR CAD and FTSE CAD 3 Months Eurodeposit.

Top 5 Holdings

	 BMO Ultra Short-Term Bond ETF	 CI Enhanced Short Duration Bond Sr F	 Dynamic Short Term Bond Series F	 Fidelity Canadian Short Term Bond Series F
First	6.78% Canada (Government) ...	8.67% United States of Ameri...	7.93% Canada (Government) ...	4.77% Canada (Government) ...
Second	6.05% Sun Life Financial Inc 2...	5.49% Other Assets less Liabi...	5.16% SmartCentres Real Est...	4.65% Ontario, Province of 2...
Third	6.03% Toronto-Dominion Ban...	4.82% Royal Bank of Canada ...	4.67% Inter Pipeline Ltd 5.76...	4.44% Ontario, Province of 2...
Fourth	5.29% Royal Bank of Canada ...	3.49% Canada (Government) ...	3.73% Royal Bank of Canada ...	4.22% Canada Housing Trust ...
Fifth	4.18% John Deere Financial I...	2.93% Canada (Government) ...	3.50% Canadian Natural Reso...	3.58% Ontario, Province of 1.7...
Sub Total	28.33%	25.40%	24.99%	21.66%

Holdings data as at 31/10/23 for  ZST, as at 30/06/23 for  CIG4136, as at 31/07/23 for  DYN2136 and as at 30/09/23 for  FID685.

Glossary

Alpha

Alpha is a measure of performance. It indicates when an investment has beaten the market over a period of time.

Beta

Beta is used as a measure of volatility of an investment compared to the risk of the entire market. A score of 1 indicates the investment is as volatile as the market. Less than 1 indicates it is less volatile than the market.

Consistent Return

The Lipper Rating for Consistent Return identifies a fund that has provided relatively superior consistency and risk-adjusted returns when compared to a group of similar funds. Funds which achieve high ratings for Consistent Return may be the best fit for investors who value a fund's year-to-year consistency relative to other funds in a particular peer group.

Investors are cautioned that some peer groups are inherently more volatile than others, and even Lipper Leaders for Consistent Return in the most volatile groups may not be well suited to shorter-term goals or less risk-tolerant investors.

Information Ratio

Information Ratio measures a portfolio's return beyond the returns of a benchmark and compares it to the volatility of the returns.

Lipper Leader Scores

<http://www.lipperleaders.com/quickinfo.aspx>

Funds are ranked against their Lipper peer group classifications each month for 3-, 5-, 10-year, and overall periods. These ratings are based on an equal-weighted average of percentile ranks of the five Lipper Leaders metrics.

For each metric:

- the top 20% of funds receive a rating of '5' and are named Lipper Leaders;
- the next 20% of funds receive a rating of '4';
- the middle 20% of funds receive a rating of '3';
- the next 20% of funds receive a rating of '2';
- the lowest 20% of funds receive a rating of '1'.

Lipper Leaders provide context and perspective for making informed investment decisions but do not predict future performance.

Management Expense Ratio

Management Expense Ratio ("MER") indicates how much a fund pays in management fees, operating expenses, taxes, and potentially commissions to advisors.

Maximum Drawdown

Maximum Drawdown is the maximum compounded loss an investment incurred during a period.

Portfolio Correlation

Portfolio Correlation measures how much two investments move relative to each other. Correlation falls between -1.0 and 1.0.

Preservation

Choosing a Lipper Rating for Preservation may help to minimize downside risk relative to other fund choices in the same asset class. Investors are cautioned that equity funds have historically been more volatile than mixed-equity or fixed-income funds, and that even the Lipper Rating for Preservation in more volatile asset classes may not be well suited to shorter-term goals or less risk-tolerant investors.

R-Squared

R-squared measures what percentage of an investment's performance is caused by movements in its benchmark. R-squared values range from 0 to 100%.

Sharpe Ratio

Sharpe Ratio describes how much excess return an investment produces relative to its volatility.

Sortino Ratio

Sortino Ratio describes how much excess return an investment produces relative to its downside volatility.

Standard Deviation

Standard Deviation measures the historical volatility of an investment. It compares the variance of performance relative to its average over time.

Total Return

The Lipper Rating for Total Return denotes a fund that has provided superior total returns (income from dividends and interest as well as capital appreciation) when compared to a group of similar funds.

Tracking Error

Tracking Error is the difference between the standard deviation of a fund and its benchmark. It is used to indicate how closely a fund replicates a benchmark.

Upside/Downside Capture

Upside/Downside Capture is a measure of an investment's performance during positive and negative market periods. It's used to determine how well an investment performed during periods where market returns have been positive or negative. It's presented as a percentage.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the fund facts or prospectus of the mutual funds in which investment may be made before investing, including mutual fund investments under an asset allocation service. The indicated rates of return (other than for each money market fund) are the historical annual compounded total returns assuming the investment strategy recommended by the asset allocation service is used and after deduction of the fees in respect of the service. The returns are based on the historical annual compounded total returns of the participating funds including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder in respect of a participating fund that would have reduced returns. In case of BMO Money Market Fund note that mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the Fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated. The indicated rate of return for each money market fund is an annualized historical yield based on the seven-day period ended as indicated and annualized in the case of effective yield by compounding the seven-day return and does not represent an actual one-year return.

Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their financial advisor before making a decision as to whether this Fund is a suitable investment for them.

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